

Message Text

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ORIGIN SS-30

INFO OCT-01 ISO-00 SSO-00 CCO-00 /031 R

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

INFO AMEMBASSY CAIRO IMMEDIATE

C O N F I D E N T I A L STATE 223390

EXDIS TOSEC 37

E.O. 11652: GDS

TAGS: EAGR, ETRD, IR, EG

SUBJECT: VOLUNTARY COOPERATION SYSTEM FOR US GRAIN EXPORTS

CAIRO FOR THE SECRETARY

1. BECAUSE OF THE TIGHT SITUATION IN U.S. GRAIN SUPPLIES, CAUSED IN LARGE PART BY BAD WEATHER IN U.S., THE U.S.G. FOUND IT NECESSARY ON OCTOBER 5 TO INSTITUTE A NEW VOLUNTARY SYSTEM OF REPORTING AND APPROVAL ON GRAIN AND SOYBEAN EXPORTS. THIS SYSTEM REQUIRES PRIOR GOVERNMENT APPROVAL OF ALL SALES ABROAD TOTALLING MORE THAN 50,000 TONS (SEPTTEL BEING SENT WHICH GIVES DETAILS OF SYSTEM). WHILE FIRST AND IMMEDIATE ACTION RESULTED IN THE CANCELLING OF TWO CONTRACTS INVOLVING SHIPMENTS OF CORN AND WHEAT TO THE SOVIET UNION, WE HAVE BEEN REVILWING RECENT SALES AND PROJECTED SALES TO OTHER COUNTRIES. THERE HAS BEEN CONSIDERABLE RECENT IRANIAN ACTIVITY IN WHEAT PURCHASES IN PAST WEEK. WITHIN THE LAST TWENTY-FOUR
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HOURS ADDITIONAL CONTRACTS (WHICH NOW REQUIRE OUR PRIOR

APPROVAL UNDER THE NEW SYSTEM) FOR SOME 213,000 TONS OF WHEAT HAVE BEEN PRESENTED TO USDA FOR APPROVAL. BECAUSE OF A VERY HIGH LEVEL OF PRIOR IRANIAN PURCHASES, THESE BEING HELD IN ABEYANCE FOR TIME BEING.

2. SPECIFICALLY, RECORDS HERE INDICATE THAT APPROXIMATELY 200,000 TONS OF U.S. WHEAT HAD BEEN SHIPPED TO IRAN DURING JULY-SEPTEMBER 1974, AND THAT A FURTHER QUANTITY OF APPROXIMATELY 700,000 TONS REMAIN TO BE SHIPPED TO IRAN DURING THE BALANCE OF 1974/75 SEASON UNDER CONTRACTS HELD BY ALL PRIVATE EXPORTING FIRMS. IN RECENT DAYS, UNDER THE MANDATORY REQUIREMENT WHEREBY EXPORTING FIRMS MUST REPORT TO USDA ANY NEW SALES COMMITMENTS, SEVERAL EXPORT FIRMS HAVE REPORTED ADDITIONAL SALES TO IRAN, ALSO FOR DELIVERY BY JUNE 1975, TOTALLING ALMOST 700,000 TONS. THE TOTAL OF THESE QUANTITIES, APPROXIMATELY 1.6 MILLION TONS, COMPARES WITH TOTAL SHIPMENTS OF LESS THAN 600,000 TONS TO IRAN DURING THE 1973/74 SEASON, THE HIGHEST IN RECENT YEARS, AND ARE ALSO WELL ABOVE USDA'S ESTIMATES OF U.S. EXPORTS TO IRAN FOR THE 1974/75 SEASON. THE ABOVE QUANTITY OF 1.6 MILLION TONS DOES NOT INCLUDE COMMITMENTS WHICH HAVE BEEN MADE FOR THE SHIPMENT OF GRAIN FROM OTHER ORIGINS TO IRAN, WHICH WE UNDERSTAND TO INCLUDE 200,000 TONS FROM AUSTRALIA AND POSSIBLY A SIMILAR SIGNIFICANT QUANTITY FROM ARGENTINA. IF CORRECT, THESE SUGGEST A POSSIBLE TOTAL IMPORT VOLUME APPROACHING 2.0 MILLION TONS FOR IRAN FOR THE 1974/75 SEASON. ALSO, SINCE HE RECENTLY HARVESTED IRANIAN WHEAT CROP REPORTEDLY TOTALLED ABOUT 3.9 MILLION TONS, IT APPEARS THAT ANY IMPORTS IN EXCESS OF ABOUT 1.3 TONS MIGHT RESULT IN AN ACCUMULATION OF STOCKS. THERE HAVE BEEN REPORTS AMONG TRADE CIRCLES THAT A PORTION OF THE SALES COMMITMENTS BEING MADE BY EXPORTING FIRMS FOR SHIPMENT TO IRAN WILL ACTUALLY BE USED FOR PROVIDING FOOD ASSISTANCE TO NEEDY AREAS IN THIRD COUNTRIES, SUCH AS INDIA, BUT THIS IS OF COURSE ENTIRELY UNCONFIRMED.

3. EMBASSY IS REQUESTED TO APPROACH GOI SOONEST ON AN URGENT BASIS AND DRAWING ON PARA 2 ABOVE, REQUEST THE CONFIDENTIAL

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FOLLOWING INFORMATION:

A. WE WOULD APPRECIATE RECEIVING FROM GOI THE CONFIRMED QUANTITY OF FOREIGN WHEAT WHICH THEY HAVE PURCHASED THUS FAR FOR SHIPMENT JULY 1974 THROUGH JUNE 1975, FOR DELIVERY WITHIN IRAN ITSELF. THIS INFORMATION SHOULD INCLUDE A BREAKDOWN AS TO THE QUANTITY OF U.S. AND OTHER INDIVIDUAL ORIGINS.

B. PRESENT GOI ESTIMATE OF TOTAL QUANTITY OF FOREIGN WHEAT WHICH WILL LIKELY BE IMPORTED INTO IRAN DURING 1974/75, AND THE EXTENT TO WHICH THIS LEVEL OF IMPORTS WOULD PERMIT AN ACCUMULATION OF ADDITIONAL RESERVE

STOCKS, IF ANY.

C. THE QUANTITY OF FOREIGN WHEAT WHICH HAS BEEN PURCHASED TO DATE, IF ANY, WITH THE INTENTION OF DELIVERY TO THIRD COUNTRY DESTINATIONS WITHIN THE 1974/75 SEASON, INCLUDING THE COUNTRIES AND RESPECTIVE QUANTITIES CONCERNED.

D. WE WOULD APPRECIATE ADVICE FROM GOI AS TO WHETHER THEY EXPECT TO REQUIRE, DURING 1974/75, MORE THAN THE 1.4 OR 1.5 MILLION TONS QUANTITY WHICH EXPORTERS ON THIS SIDE ALREADY CLAIM TO HAVE SOLD TO IRAN, AND IF SO, THE APPROXIMATE AMOUNT, ALONG WITH ADVICE AS TO WHETHER THIS IS SPECIFICALLY INTENDED FOR DELIVERY TO THIRD COUNTRY DESTINATIONS, SUCH AS INDIA.

4. NEED GOI REPLY SOONEST, PREFERABLY WITHIN 24 HOURS. INGERSOLL

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